

LAND BOARD AGENDA ITEM
April 21, 2008
PRELIMINARY APPROVAL FOR LAND BANKING ACQUISITION

Proposed Acquisition:

The property known as Valentine Water Project, containing approximately 304 acres of range land has been identified as a potential acquisition. This parcel is valued at approximately \$350 to \$400 per acre for a total cost between \$106,400 and \$121,600.

Selection Considerations:

The Department has conducted a review of this tract nominated for acquisition per Administrative Rule 36.25.813 (3).

Access: The tract is accessible by a county road. The tract is fenced in common with the adjoining Common School Trust Land.

Revenue: The predicted annual rate of return, over a 20 year period is estimated at 1.20% to 1.34%.

Multiple Use: The tract provides excellent wildlife habitat for a wide variety of large and small game animals.

Location: The property is located approximately 16 miles north of Winnett in Fergus County.

Cooperation: DNRC's Trust Land Management and Water Resources Divisions have worked cooperatively, to identify this proposed acquisition.

Steps in this process include securing a purchase agreement contingent upon findings of the due diligence as per Land Banking rule ARM 36.25.813 through 815. Due diligence includes a detailed inventory report of the property, appraisal, Phase 1 hazardous materials study, an in-depth financial analysis, and a survey, if needed, followed by final Land Board approval.

Agency Recommendation:

The Director recommends preliminary approval of the Valentine Water Projects tract for further consideration for acquisition.

Valentine Water Project

Fergus County, Estimated Price \$106,400 - \$121,600

Location: 16 miles north of Winnett, MT, Fergus County

Acreage: 304 Acres

Owner: DNRC Water Resource Division (WRD)

Township: 18 North, Range 26 East, MPM

Section 18	SW4NE4, SE4NW4, NW4SE4	120 Acres
Section 17	NW4SW4, S2SW4, Part of SW4,SE4	154.17 Acres
Section 20	Part of NW4NE4, Part of N2NW4	29.88 Acres
Total Acres		304.05 Acres

Livestock Carrying Capacity:

82 AUM on 304 acres

.27 AUM / Acre

\$18.21 / AUM

Total Revenue:

\$1,494

Range Condition: Good to Excellent

Crop Land: There is no crop land on the Valentine Water Project (VWP) property. Crop land on adjoining school trust land is fenced in common with VWP grazing land requiring proper timing of grazing or the building of new fence.

Stockwater: Blood Creek

Timber: No commercial timber, cottonwood bottom on Blood Creek

Fencing: The VWP land is fenced in common with adjoining School Trust Land.

Improvements:

Improvement	Value
1. 4.75 miles of fence	\$4,000.00 per mile
Total	\$19,000



Precipitation: 12 inch precipitation zone.

Comments: The VWP was constructed in 1937 for the purpose of irrigation. The project failed in 1962 and was never reconstructed. The 320 acres of school trust land are located between the two parcels of land that constitute the Valentine water project. The VWP no longer serves any function for the WRD and it is their intention to sell the property if not sold to the school trust for management by the Trust Land Management Division(TLMD) . Monetary payment for the transfer is required by statute and monies received would be deposited into the water storage account.

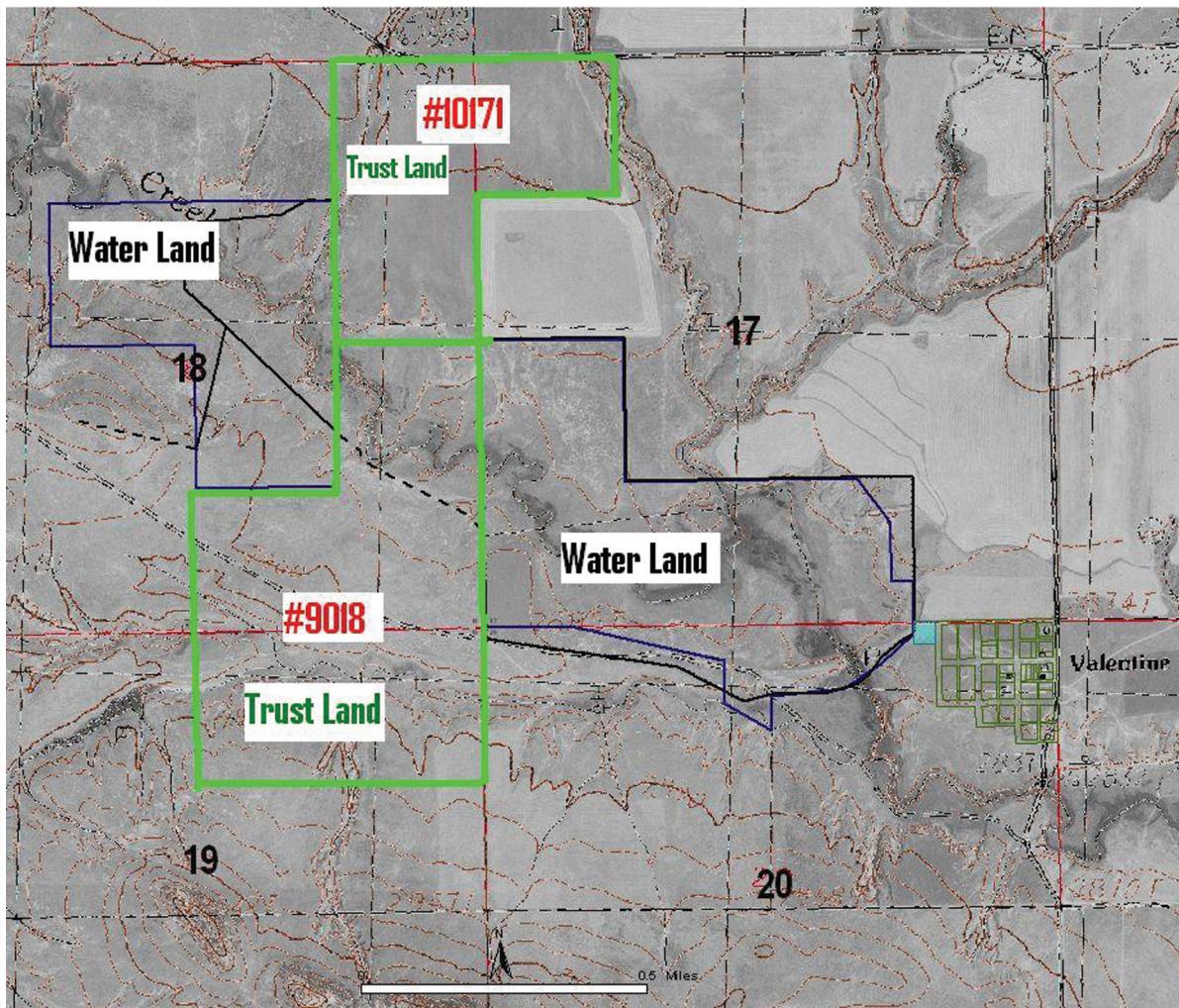
The properties are fenced in common and have the same lessee, Lester Slugget. If approved for transfer to the TLMD the existing WRD lease would be adopted until expiration in 2016 when the lands would be incorporated into the existing school trust land lease. The Sluggets have been consulted and agree with this approach.

The adjoining trust land borders a county road and provides legal access to this 624 acre block of state land. Blood Creek runs approximately two miles through the combined properties providing good upland game bird and deer hunting opportunities. The majority of the riparian habitat is on the VWP land.



Valentine Water Project

Purchase of this property by the school trust would enable efficient management of the adjoining school trust land and would perpetuate recreational access to a portion of the Blood Creek drainage.



State Water Projects Ownership Area

Note:

Boundary locations are approximate: for general reference only. Western area boundaries extrapolated from the BLM GCDB, while much of the eastern area boundaries were generated using a shareware program, MapDraw, that generated metes and bounds for the property description. Brought boundaries into ArcView and registered it to the BLM GCDB corners, as these were where the points of beginning originated in the metes and bound descriptions. Source data from Montana Cadastral BLM GCDB townships and property deeds/ Town of Valentine and School District 90 boundaries are from the state cadastral dataset for Fergus County. Background aerial and topographic references are from USGS digital datasets (Valentine DRG and DOQQ) Map created 21 May 2001 by MT-DNRC-WRD-GIS.

Legend

- Approximate Property Boundary
- Fences
- - - Extended Fencelines (Approx.)
- Valentine Certificate of Dedication, March 8, 1916
- ▨ School District 90 Indenture August, 8, 1928